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Comeback For Keynes?

Office Space: The Tenant Is King

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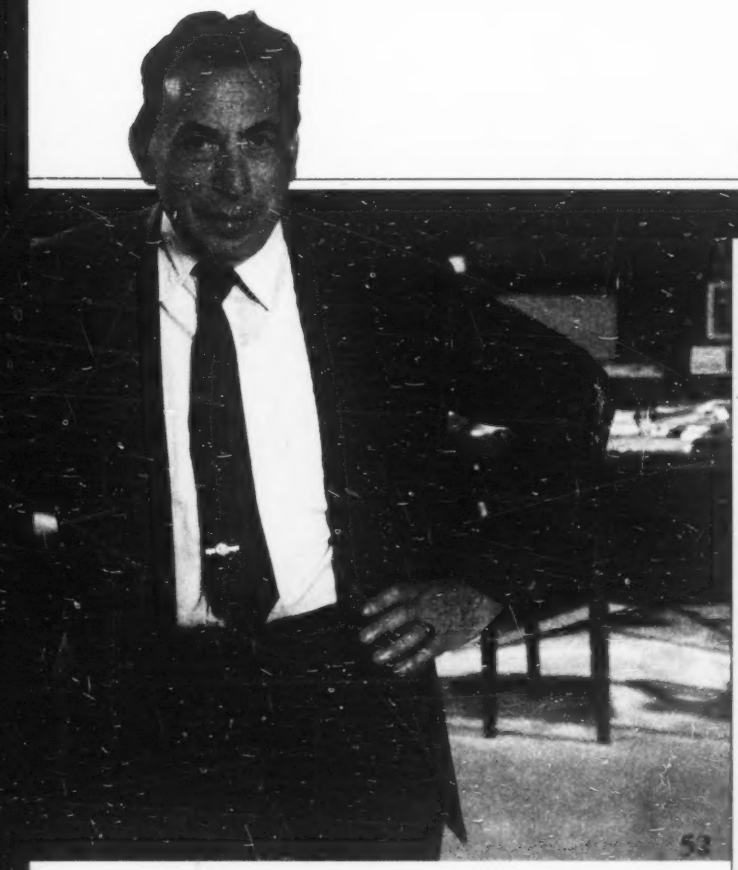

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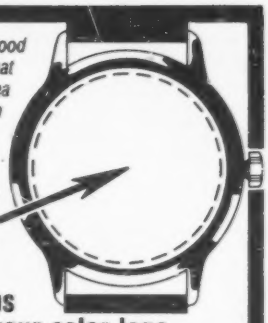

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INVESTMENT UPDATE

Here's the current status of a number of investments, and a look at how they have fared over the past month and the past year.

INVESTMENT	(11/29/85) Recent Price or Yield	Value of $10,000 if invested: Month Earlier	Year Earlier
Common Stock (Index fund, capital gains and dividends reinvested)	$23.87/share	$10,694	$12,862
per cent change		+6.9%	+28.6%
Bonds (30-yr., 11¾% Treasury Bond)			
MARKET VALUE	$113.90	$10,381	$11,349
ACCUMULATED INCOME		$ 89	$ 1,171
TOTAL		$10,470	$12,520
per cent change		+4.7%	+25.2%
Money Market Fund	7.21%	$10,059	$10,701
per cent change		+.6%	+7.0%
Gold (Krugerrands)	327.40/oz.	$ 9,900	$ 9,498
per cent change		−1.0%	−5.0%
HOUSE PRICES	**Recent**	**Month Earlier**	**Year Earlier**
Existing House	$94,800	$95,100	$79,700
per cent change		−.3%	+15.9%
New House	$105,900	$104,100	$99,500
per cent change		+1.7%	+6.0%

Sources: Vanguard Group Inc.; Salomon Brothers; Donoghue's Money Fund Report; Manfra, Tordella & Brookes,Inc.; Federal Home Loan Bank Board.

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John Arnold of management consulting firm ExecuTrak Systems in Waltham, Massachusetts.

A merged company often makes the mistake of turning to its computer vendors to help it decide how best to integrate. Arnold thinks this approach is dangerous on two counts. For one thing, he says, vendors are more concerned with protecting their business than with ensuring a smooth integration. Besides that, if a vendor is dominant in the industry, management tends to go with its recommendations without really considering if they are in the company's own best interests. "Don't listen to the computer sales people, at least not until you have established your own criteria for integrating," Arnold advises. "Don't ask them to do your thinking for you."

Sometimes two merging firms arrive at a compromise whereby the dominant company allows the acquired company to keep its own system but insists on having all data-processing work duplicated on its computers. "That's like having two sets of books," Arnold says. "There's a lot of wasted effort and unnecessary expense."

Difficulties can also occur when two essentially equal merger partners set up a task force of representatives from both companies to determine the best way of integrating their computer systems. Diebold's Klein thinks a task force is a good idea, but he warns that the two sides sometimes get immersed in political jockeying and pride-of-authorship disputes. "The attitude of both organizations often is 'what we've got is the best,' so an impasse develops," he says.

No matter what approach is taken, the overriding problem in integrating systems usually boils down to management's lack of awareness or concern. "But things are beginning to change," Klein says. "I have a corporate client that has systems compatibility high on its list for evaluating possible takeovers or acquisitions. And some companies are now including MIS people on the senior management teams that evaluate merger situations."

—LATON MCCARTNEY